



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

July 16, 2008

Mario Ernst, CEO
TLD Distribution Company
505 South Seventh Avenue
City of Industry, CA 91746

Dear Mr. Ernst:

RE: FINAL MONITORING REPORT for TLD Distribution Company – ET06-0257

Date of Visit	07/10/08
Time of Visit	9:00 a.m. – 12:30 p.m.
Location of Visit	City of Industry
Persons in Attendance	Muskarn Ferguson, Customer Service Manager and Special Projects Coordinator, TLD Naomi Weingart, ETP Contract Analyst
Date of Last Visit	05/18/07
Action Required	No

CONTRACT INFORMATION

Term of Agreement	04/05/06 – 04/04/08	Agreement Amount	\$240,000
Type of Trainee	Retrainee	Number to Retain	60
Date Training Began	05/01/06	Range of Hours	24-200
Date Training Must Be Completed	01/01/08	Weighted Avg Hours	200

TRAINING STATUS

Project Statistics Provided by the Contractor

Trainees Started Training	66	Completed Training	58
Trainees Enrolled	66	Completed Retention	58
Dropped Following Enrollment	8	In Retention Period	0
No. Compl Min Reimbursable Hrs	58		

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

Training Status (continued):

Training began May 1, 2006 and ended November 16, 2007; all trainees finished their retention period by mid-February 2008; eight employees that left the company were dropped. A total of 58 employees completed the maximum 200 hours of training for a total of 11,600 hours x \$20/hour which amounts to \$232,000, or 97% of the ETP funding amount. Since you have already been reimbursed \$180,000 in progress payments, you must submit a final, closeout invoice for all 58 trainees and can expect a difference of approximately \$52,000 if trainees met all ETP performance requirements.

The Monitor explained the procedure to reapply for another contract, and discussed Regulation 4410 covering substantial contributions (reduced funding) for repeat contractors. ETP staff is in the process of determining whether or not TLD would be subject to reduced funding on a new contract.

Ms. Ferguson reported that training was very effective, and that over the course of the ETP Agreement TLD grew by 20%. Phase 1 of the J.D. Edwards program tied all company departments together into one computer system and provided TLD with more efficient operations, especially in the area of customer service. The software provides complete, customized customer data on one screen and allows employees faster access, giving them the ability to respond more quickly to clients. Ms. Ferguson also commented that the new system makes it easier for everyone to access data and gives the company better forecasting capabilities.

Ms. Ferguson reconfirmed prior commentary that problems customizing the software caused delays in the original training schedule. The new system (originally scheduled to go live in January 2007) was not up and running properly until late August. Accordingly, most of the training took place later than planned. Additionally, she indicated that staff was somewhat overwhelmed with the number of training hours required, but that TLD hired temps to alleviate the situation.

Staff encountered no problems with ETP recordkeeping, and said that the online screen showing the first and last day of training was very helpful. ETP monitoring assistance was adequate.

ATTENDANCE ROSTERS/INVOICES

The Monitor reviewed all attendance records for 22 trainees who each completed 200 hours of training between April and October 2007. Trainees were billed for completion of training (P2 progress payment) on Invoice #7 submitted December 6, 2007. The Monitor found that with the exception of minor edits that did not affect total hours, ETP requirements were met and properly documented on the sampling: the Training Plan was followed; the Curriculum was provided as specified in Exhibit B; and the 1:20 trainer to trainee ratio was maintained.

Rosters for nine individuals revealed that several trainees went straight through four to five weeks of training for eight to ten hours a day. The Monitor interviewed two of the trainees who confirmed their attendance, stating that upon hire, they immediately started classroom training fulltime until they were done and sufficiently skilled in the new software to assume their new positions with the company. Trainees also stated that training has continued well after the conclusion of the ETP program.

Attendance Rosters/Invoices (continued):

These findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. It is your responsibility to ensure that 100% of all training records are in compliance with Panel requirements prior to the closeout of this Agreement (Reference: Title 22 California Code of Regulations, Section 4442).

TRAINEE INTERVIEWS

The Monitor interviewed four employees that had been with TLD from 11 months to 1.5 years: a Receiving Clerk and a Shipping Clerk (from the warehouse area); a Purchasing Manager; and an Assistant Buyer. Trainees identified several classes they received from the approved curriculum, and stated that all training was held in the company conference room with computers and materials provided as needed. Training sessions were generally from 4 to 8 hours long and took place during regular work hours. They signed or initialed attendance rosters daily, and class size was well within the approved trainer to trainee ratio. Training was delivered by outside vendors and in house instructors who knew the material well and were able to answer all questions. Trainees indicated that all classes were mandatory and very intensive, and that TLD emphasizes the importance of training and doing their jobs properly. They felt that the new computer system was user friendly and that training expedited their ability to utilize the new software more effectively.

AUDIT

TLD will be notified in writing if this Agreement is selected for a field audit (conducted at your worksite) or a desk audit (conducted by telephone). Audit Notification and Confirmation letters will be sent in advance to allow ample preparation time, and will include a list of documentation that the auditor may examine. Original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters and sign-in sheets;
- Payroll records of individual trainees to verify wages and hours worked;
- Personnel records regarding occupations and dates of employment;
- Documentation of employer paid health benefits (if applicable); and
- Cash receipts to verify receipt and accounting of ETP funds.

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

Please contact your Monitoring Analyst within ten working days at (818) 755-3633 or nweingart@etp.ca.gov if you have any questions or comments. Thank you for your participation in the ETP training program.

Sincerely,

Signature on File

Dolores Kendrick, Manager
Los Angeles Regional Office

Signature on File

Naomi Weingart, Contract Analyst
Los Angeles Regional Office

Cc: Muskarn Ferguson, Special Projects Coordinator, TLD (email)
David Guzman, Chief, ETP Program Operations Division (email)
Amber Luiz, ETP Assistant Director (email)
ETP Master File
ETP Project File

Date report mailed to Contractor 07/18/08